



Boone County, Indiana
Established 1830

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Date: February 19, 2021

To: J. Barry Wood
Director of Assessments
Indiana Department of Local Government Finance

Re: NARRATIVE
2021 BOONE COUNTY ANNUAL ADJUSTMENT RATIO STUDY

Party Performing Ratio Study: Dan Spiker
Contact Information: Phone: 317-513-8725 email: dans@g-uts.com
Vendor: GUTS
Sales Window Range: 1/1/2020 – 12/31/2020 *Except where noted

The following document is issued as supplemental documentation to the 2021 Boone County Internal Ratio Study submitted to the Indiana Department of Local Government Finance on February 19, 2020. The Ratio Study was submitted via Microsoft Teams, in the required Microsoft Excel formatting.

The annual adjustment process was performed by Government Utilities Technology Service (GUTS). The assessed values in Boone County were established by implementing the latest updated depreciation calculation date advised by The Department and adjusted using local Sales, Income & Expense, and Market data. The attached ratio study was performed in accordance with the *IAAO Standard on Ratio Studies*.

RATIO STUDY

- **Groupings** – The following categories have been grouped for the purpose of assessment level ratio study for 2021:

RESIDENTIAL IMPROVED:

Group #226 Marion, Clinton These Townships are contiguous and similar in physical location within the County. The property make-up and valuation market is homogenous with similar allocations of Ag, Residential, and commercial properties.

Group #228 Harrison, Jackson These Townships are contiguous and similar in physical location within the County. The property make-up and valuation market is homogenous with similar allocations of Ag, Residential, and commercial properties.

Group #230 Sugar Creek, Washington These Townships are contiguous and similar in physical location within the County. The property make-up and valuation market is homogenous with similar allocations of Ag, Residential, and commercial properties.

COMMERCIAL IMPROVED

Group #232 Center, Eagle, Worth The commercial market for the sold properties in this class, within Boone County, are similar and considered the “same market”. The market-driving forces and behavior which affect value rates and trends are similar for all of these properties therefore, they were considered and grouped as one (together).

- **AV Increases/Decreases** – There are no increase/decrease statistics included in this submittal. Previously, significant effort was given to provide a list of increase/decrease stats by Township and Property Type with the initial ratio study submittal. However, the stats that we calculated were significantly different than those subsequently provided by the Department in the ratio study submittal follow-up. We conversed with several members of the Department staff in effort to understand the programming criteria used to replicate the same data results, but we kept coming up with differing results. We believe this has a lot to do with 1. Parcel splits/creation of new parcels and 2. New Construction where parcels coded as 500 vacant lots and valued as developer land in previous years, become 510 with newly constructed and newly assessed homes for the following year. For this reason, we will wait for the list provided by the department.

Sales: *Res Imp Clinton – included sales from 2019 (window = 1/1/2019 to 12/31/2020)
 *Res Imp Harrison – included sales from 2019 (window = 1/1/2019 to 12/31/2020)

The 2019 sales were added to gain more sales for a better sample size >3%. In these instances, there were no repeated (paired) sales available and no reliable trend data was found to justify any accurate incremental adjusting, therefore, no adjustments were made.

- **Vacant vs. Improved Sales in Ratio Study - *NOTE:*** While extracting sales for the 2021 Boone County Ratio study, vacant vs. improved sales were determined by Box 3 (Vacant Land) in the Conditions Section (B) of the Sales Disclosure Form, *not* by Property Subclass. In the past, this has been an issue during the review process by the DLGF representative. If box 3 is checked ‘Yes’, those sales will be in the Vacant Residential Ratio Study. If box 3 is checked ‘No’, those sales will be in the Improved Residential Ratio Study.

At the time many Sales Disclosures were filed with the Assessor, data entry on new construction had not been completed. Many parcels involved with improved sales still had a subclass of vacant (500, 501, etc) and the dwellings had not been entered into the system. In order to maximize the number of sales deemed valid and used in the study, the PVDNet Trending/Ratio Study Module points to Box 3 (Vacant Land) when gathering sales, not a subclass that may have been changed after the Sales Disclosure Form was filed. Using Box 3 (Vacant Land) instead of subclass ensures that upon signing their names, buyers and sellers are certifying they paid X number of dollars for either Vacant Land or Improved Property.

- **Methodology:** The annual adjustment process for residential properties in Boone County was conducted by calculating new neighborhood factors based upon sales deemed valid for trending.
- **Application of Factor (50 IAC21-5-2)** Regarding residential improved property classes, new neighborhood factors were calculated and applied in accordance with IC6-1.1-4 and the Real Property Assessment Guidelines as sales data dictated. For neighborhoods with zero or insufficient sales data, the neighborhood factor was analyzed and/or

updated based on comparable neighborhoods in that specific residential real estate market. Where sales and/or other market derived data dictated, some properties were left the same for 2021.

- Addressing properties that have been remodeled or extensively updated.** In Book 1, Chapter1, page 3 of the Indiana Assessment manual under Appraisal and Examination of Buildings, it states that the Assessor “*is responsible for keeping the assessment data and records current by securing the necessary field data and making changes in the assessment as changes occur*”. When the Assessor discovers properties that have undergone remodeling or updating, the change may be reflected by updating the effective age of the dwelling. In Appendix B, page 5 under Effective Age, the manual states that Effective Age “*can be thought of as the actual age less the years that have been removed from the actual age by such things as maintenance, repair, upgrading, and change. The items that would tend to reduce the effective age might include: new paint, carpeting, roof, furnace, electrical system, windows, plumbing, room additions or general home remodeling*”. If the effective age has been changed in Boone County, the procedure is to follow the chart referenced below as a guideline as to help assure uniformity. The contribution chart referenced below is taken from the Indiana Cost Guidelines. Using these categories, the Assessor determines a range of acceptable overall increase in value related to the accumulated remodel items. The overall change is up to the discretion of the Assessor as many updates are grouped and/or vary in quality.

Windows, exterior door and floor cover	5%
Exterior	6%
Interior drywall and ceiling finish	8%
Built-ins, cabinets, interior doors, trim	13%
Plumbing fixtures	5%
Floor covering	6%
Light Fixtures, Painting and decorating	6%

- The C.O.D. for several Townships in the study is under 5.00.** Most of these areas generally consist of the majority being either newly constructed homes or newly platted land lots with immediate follow-up sales. The new homes and lots are all very similar in nature and related selling price. Due to the uniform structure of this homogeneous environment, the C.O.Ds will tend to be lower than normal.
- Due to insufficient sales,** there was no ratio study performed on the following classes:

INDUSTRIAL VACANT:	ALL TOWNSHIPS
INDUSTRIAL IMPROVED:	ALL TOWNSHIPS
COMMERCIAL VACANT:	ALL TOWNSHIPS
COMMERCIAL IMPROVED:	ALL TOWNSHIPS EXCEPT CENTER, EAGLE, WORTH
RESIDENTIAL VACANT:	CLINTON, HARRISON, JEFFERSON, MARION, PERRY, SUGAR CREEK, UNION, WASHINGTON, WORTH

CYCLICAL REASSESSMENT

- Status (IC 6-1.1-4-4.2):** Guts has completed Phase III of the 2018 Cyclical Reassessment process. The workbook has been updated with the appropriate phase marking for every parcel included.

The following Townships were reviewed as part of the current phase of the cyclical reassessment:

- CENTER**
- CLINTON**
- WORTH**
- JACKSON**
- SUGAR CREEK**
- HARRISON**
- JEFFERSON**

**WASHINGTON
MARION
UNION**

- **The Land Order** was completed and implemented in Phase III of the Boone County Cyclical process.